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Tarrant County Texas

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(Prod. Pooling)(Oklahoma)(40-Shut-In)(P.O. Box 18496)(Chesapeake Operating, Inc.)

PGS 3 \$24.00

OIL AND GAS LEASE

(Paid-up)

Electronically Recorded
Chesapeake Operating, Inc.

AGREEMENT, made and entered into this 30th day of September, 20 09, by and between: **Chesapeake Royalty, L.L.C.**, a limited liability company, with a mailing address of P.O. Box 18496, Oklahoma City, Oklahoma 73154-0496, party of the first part, hereinafter called Lessor (whether one or more), and **Chesapeake Exploration, L.L.C.**, a limited liability company, with a mailing address of P.O. Box 18496, Oklahoma City, Oklahoma 73154, party of the second part, hereinafter called Lessee WITNESSETH, that the said Lessor, for and in consideration of Ten Dollars, cash in hand paid, and other good and valuable consideration receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said Lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil (including but not limited to distillate and condensate), gas (including casinghead gas and helium and all other constituents), and for laying pipelines, and building drill sites, access roads, tanks, power stations and structures thereon, to produce, save and take care of said products, all that certain tract of land, together with any reversionary rights therein, situated in the County of Tarrant, State of Texas, Described as follows, to wit

Those certain lands situated in the Henson McCoy Survey, Abstract No. 1073, Genefacio Herrera Survey, Abstract No. 2027 and the W. Hayman Survey, Abstract No. 642, being more particularly described in that Mineral Deed dated December 6, 2007 and recorded as Instrument No. D207459168 of the records of Tarrant County, Texas

of Section _____, Township _____, Range _____, and containing 37.9341 acres, more or less.

1. It is agreed that this lease shall remain in force for a term of three (3) years from date (herein called primary term) and so long thereafter as oil or gas, or either of them, is produced from said land or lands pooled therewith.

2. In consideration of the premises the said Lessee covenants and agrees:

A. To deliver to the credit of Lessor free of cost, in the pipeline to which it may connect its wells, a one-quarter (1/4) part of all oil (including but not limited to condensate and distillate) produced and saved from the leased premises.

B. To pay Lessor for gas (including casinghead gas) and all other substances covered hereby, a royalty of one-quarter (1/4) of the gross proceeds realized by Lessee from the sale thereof, less a proportionate part of the production, severance and other excise taxes, without deduction, directly or indirectly, for the cost of gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and marketing the oil, gas and other products produced hereunder to transform the product into marketable form; however, any such costs which result in enhancing the value of the marketable oil, gas or other products to receive a better price may be deducted from Lessor's share of production so long as they are based on Lessee's actual cost of such enhancements, said payments to be made monthly. During any period (whether before or after expiration of the primary term hereof) when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee shall pay or tender a royalty of One Dollar (\$1.00) per year per net royalty acre retained hereunder, such payment or tender to be made, on or before the later of ninety (90) days following the date of shut in or the anniversary date of this lease during the period such well is shut in, to the Lessor. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease.

3. If, at the expiration of the primary term, there is no production in paying quantities on the leased land or on lands pooled therewith but Lessee is conducting operations for drilling, completing or reworking a well, this lease nevertheless shall continue as long as such operations are prosecuted or additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than ninety (90) days, and if production is discovered, this lease shall continue as long thereafter as oil or gas are produced. In addition, if at any time or times after the primary term, there is a total cessation of all production, for any cause (other than an event of force majeure), this lease shall not terminate if Lessee commences or resumes any drilling or reworking operations or production within ninety (90) days after such cessation. Drilling operations or mining operations shall be deemed to be commenced when the first work other than surveying or staking the location is done thereon which is necessary for such operations.

4. Lessee is hereby granted the right at any time and from time to time to unitize the leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 160 acres, or for the production primarily of gas with or without distillate more than 640 acres; provided that if any governmental regulation shall permit or prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so permitted or prescribed or as may be used in such allocation of allowable. Lessee shall file written unit designations in the county in which the leased premises are located unless the pooling or unitization results from governmental order or rule, in which case no such written designation shall be required. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated herein as the amount of his acreage placed in the unit, or his royalty interest therein on an acreage basis bears to the total acreage in the unit.

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5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided shall be paid to the Lessor only in the proportion which his interest bears to the whole and undivided fee.
6. Lessee shall have the right to use; free of cost, gas, oil, and water produced on said land for its operations thereon, except water from wells of Lessor.
7. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.
8. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns. However, no change or division in ownership of the land or royalties shall enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a true copy thereof. In case Lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.
9. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or such failure is the result of any such Law, Order, Rule or Regulation, or operation of force majeure.
10. This lease shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named may not join in the execution hereof. The word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.
11. Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to lessor, or by placing a release of record in the proper County.
12. Lessor hereby warrants and agrees to defend the title to the lands herein described unto Lessee against any person claiming the same or any part thereof, by through or under Lessor, but not otherwise.

This Oil and Gas Lease is subject to the terms of the attached EXHIBIT "A" ADDENDUM which is made a part hereof.

IN TESTIMONY WHEREOF, we sign this the 17 day of November, 20 09.

CHESAPEAKE ROYALTY, L.L.C.,
An Oklahoma limited liability company

By: _____

Henry J. Hood
Senior Vice President - Land and Legal
& General Counsel

CSM *JHM*

STATE OF TEXAS) (ACKNOWLEDGMENT FOR CORPORATION)
) SS.
COUNTY OF TARRANT)

The foregoing instrument was acknowledged before me this 17 day of November, 20 09,
by Henry J. Hood, as Senior Vice President - Land and Legal & General Counsel on behalf of said company.

Edm Clayton
Notary Public

My Commission Expires:



[SEAL]


[COMMISSION NUMBER]

EXHIBIT "A"
ADDENDUM

Attached hereto and made a part hereof that certain Oil and Gas Lease dated this 30th day of September, 20 09, by and between Chesapeake Royalty, L.L.C., as Lessor, and Chesapeake Exploration, L.L.C., a limited liability company, as Lessee.

- 1) Notwithstanding anything to the contrary, it is specifically understood and agreed that upon the expiration of the primary term, if this lease should be continued by reason of production, then in that event, all rights, covenants and conditions of this lease shall terminate as to all strata and lands situated one hundred feet (100') below the deepest producing formation of a well situated on the lease premises or on acreage pooled or unitized therewith.
- 2) Nothing heretofore or hereinafter withstanding, it is agreed and understood by both parties that a well drilled or produced therefrom on any part of the land herein will extend this agreement beyond the primary term only insofar as to lands included in or pooled with a producing or proposed unit.
- 3) Notwithstanding anything to the contrary contained herein, in the event a gas well is completed capable of producing gas but which is not being produced, this lease may not be maintained in effect for a period exceeding two (2) years beyond the primary term hereof under the shut-in provisions included herein.
- 4) The covenants, conditions and agreements contained herein, shall extend to and be binding upon the heirs, executors, administrators, successors or assigns of the Lessee herein. Lessee shall not have the right to assign this Oil and Gas Lease in whole or in part, to any party other than a subsidiary of Lessee without the prior written consent of Lessor, which consent shall not be unreasonably withheld. Lessee shall furnish Lessor with a copy of all approved assignments, with recording information shown thereon, within sixty days after the recording date of the assignment.
- 5) Subject to paragraph 4 above, if, at any time this lease is divided among and owned by five or more co-owners, Lessor at its discretion, may require such co-owners to appoint a single trustee or agent to be responsible for any notices and releases and royalty payment obligations required in accordance with the provisions contained in this lease.
- 6) In connection with the drilling of any well drilled on the lands covered by this lease, or upon a unit including lands covered by this lease, (whether said unit is created by voluntary agreement or by governmental authority), Lessee, its heirs and assigns, agrees to timely furnish Lessor, copies of all surveys, logs and/or tests taken and any other information or data obtained from the drilling of such well. Lessee, its heirs and assigns, shall also furnish a daily drilling report showing the current progress and activities in connection with any such well drilled, which report shall include the status of the operation, depth, deviated hole surveys, character and names of the formations encountered, shows of oil, gas or water and detailed reports of all drillstem tests or other production tests.
- 7) Lessor hereby warrants and agrees to defend title to said lands by, through, and under itself only, but not otherwise, and agrees that Lessee, at its options, may discharge any tax, mortgage, or other lien upon said lands, and in the event Lessee does so, it will be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same.
- 8) It is understood and agreed by both parties hereto that these typewritten provisions therein supersede any provisions to the contrary in the printed lease hereof.

Record & Return to:
Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, OK 73154


Henry J. Hood,
Senior Vice President - Land and Legal
& General Counsel

CSM

[Handwritten initials]